

Message Text

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ACTION SS-30

INFO OCT-01 ISO-00 SSO-00 NSCE-00 /031 W

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O 272028Z MAR 74

FM USMISSION OECD PARIS

TO SECSTATE WASH DC IMMEDIATE 2212

C O N F I D E N T I A L SECTION 01 OF 03 USMISSION OECD PARIS 07616

EXDIS

TO UNDERSECRETARY DONALDSON AND JULES KATZ FROM A. KATZ
NSC FOR COOPER AND TREASURY FOR BENNETT

E.O. 11652: GDS

TAGS: EGEN, OECD

SUBJECT: CONVERSATIONS IN LONDON ON ECG APRIL 3-4
MEETING

1. IN MY LONDON MEETINGS ON TUESDAY (ONE WITH WILLIAMS
ET AL AND ONE WITH EDGERTON FCOI FOUND THE BRITS
AS ANXIOUS AS EVER FOR THE ECG TO ESTABLISH EARLY
CONTACT WITH THE PRODUCERS. THEY ALLEGED THE FAMILIAR
REASONS; FIRST TO SOOTHE THE PRODUCERS AND START A
DISCUSSION ON PRICES WHICH COULD BE USED TO BLOCK A
FURTHER OPEC INCREASE; SECOND FOR TACTICAL REASONS WITH
RESPECT TO UNGA SPECIAL SESSION TO ENABLE ECG MEMBERS
TO REBUT CRITICISM BY PRODUCERS THAT CONSUMERS HAVE
BEEN GANGING UP AND NOT KEEPING PRODUCERS INFORMED;
THIRD IN ORDER TO HOLD TOGETHER THE SKITTISH MEMBERS OF
THE ECG (WHEN PRESSED THEY CITED THE BELGIUMS AS AN
EXAMPLE) WHO WILL SIMPLY NOT WAIT UNTIL ALL THE ECG
WORK IS COMPLETED BEFORE TAKING CONTACT WITH PRODUCERS.
I POINTED OUT THAT THIS ISSUE WAS DECIDED FOR THE TIME
BEING AT THE LAST ECG MEETING AND WAS NOT AWARE OF
ANYTHING THAT HAD TRANSPIRED IN THE MEANTIME TO
WARRANT A DIFFERENT APPROACH. THE BRITS IN REPLY WENT
OVER THE SAME POINTS LAYING GREAT STRESS ON UNGA,
POINTING OUT THAT BILATERAL CONTACTS WILL ONLY CONFUSE
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THE PRODUCERS IN VIEW OF THE INEVITABLE DIFFERENCES

IN THE POINTS EACH ECG MEMBER WILL MAKE TO THE PRODUCERS AND THE CONSEQUENT POSSIBILITIES FOR MISUNDERSTANDING AND CONFUSION.

2. I MADE THE POINT ABOUT THE NEED FOR THE GROUP TO HAVE A BROAD MEETING OF THE MINDS ON THE PURPOSE, STRATEGY AND NATURE OF A PRODUCER/CONSUMER MEETING SO AS TO BE ABLE TO SHAPE TACTICS ON FIRST APPROACHES INTELLIGENTLY, AND THAT TO GO INTO A FIRST ORGANIZED CONTACT BEFORE DOING SO WOULD BE PUTTING THE CART BEFORE THE HORSE. I ASKED BRITS HOW THEY WERE COMING ON THEIR PAPER. THEY DESCRIBED IT TO ME AS BEING ESSENTIALLY AN OPTIONS PAPER. THEY WERE TO MEET ON IT TODAY (WEDNESDAY) AND IF N MAJOR CHANGES ARE REQUIRED WOULD DISTRIBUTE IT DIRECTLY TO EMBASSIES OF ECG COUNTRIES IN LONDON ON FRIDAY (LEN WILLIAMS CHECKED THIS OUT WITH OCKRENT). AS FAR AS I COULD TELL FROM THEIR DESCRIPTION THE PAPER WILL PROBABLY BE HEAVY ON THE PROCEDURAL OPTIONS, I.E. AGENDA FOR SUCH A MEETING FORMAT AND COMPOSITION, SCENARIOS FOR CONSULTING OTHER OECD CONSUMERS, LDCE, AND PRODUCERS. IT WILL MOST LIKELY BIASED TOWARDS THE OPTION OF EARLY ORGANIZED CONTACT WITH PRODUCERS EITHER BEFORE UNGA SS. I MADE THE POINT THAT I HOPED THAT THE PAPER WOULD CONTAIN A FIRST DISCUSSION ON THE SUBSTANCE OF SUCH A MEETING AND ON THE RELATIONSHIP TO IT TO IT OF THE WORK ON THE OUTLOOK FOR THE OIL MARKET AND CONSUMER COOPERATION. THEY ASKED WHAT WE WILL BE PREPARED TO SAY ON THE INTERNATIONAL OIL MARKET, AND I TOLD THEM WE WILL BE PREPARED TO DESCRIBE THE WORK WE HAVE IN PROGRESS ON THIS TOPIC AND GIVE THE GROUP SOME IDEA AS TO WHEN IT MIGHT BE COMPLETED.

3. I FOUND THE BRITS RECEPTIVE TO OUR SUGGESTED FOUR PART AGENDA FOR THE NEXT MEETING AND LEN WILLIAM IN HIS PHONE CONVERSATION WITH OCKRENT ENDORSED IT (WHICH HAS HAD ITS EFFECT). RE ITEM L -- REPORTS BY LEADING COUNTRIES AND TIME TABLES -- WILLIAMS WAS CLEAR THAT WE MUST NOT ALLOW ANY OF THE WORK TO SLIP PAST THE SUMMER AND WE MUST COMBAT TENDENCIES TO GO INTO CONFIDENTIAL

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LENGTHY STUDIES. I AGREE AND SAID WE SHOULD TRY AND WIND UP THE TECHNICAL WORK BY JUNE AT THE LATEST TO ALLOW THE ECG TO COMPLETE ITS INTEGRATING TASK BEFORE THE AUGUST RECESS. WILLIAMS IS VERY MUCH AFRAID SOME COUNTRIES WOULD "FALL OFF" IF THE WORK DRAGS ON INTO

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C O N F I D E N T I A L SECTION 2 OF 3 OECD PARIS 07616

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THE AUTUMN.

4. RE ITEM 2 THEY READILY UNDERSTOOD THE NEED FOR A
SUBSTANTIVE DISCUSSION OF THE INTERRELATED ELEMENTS
OF CONSUMER COOPERATION BUT ARE CLEARLY WAITING FOR US
TO REVEAL OUR HAND ON THE SHARING FORMULA. THEY
PROBED ME ON THE FORMULA WITH RESPECT TO SHARING USED
BY THE SECRETARY IN HIS WEC SPEECH, POINTING OUT THAT
A MEANINGFUL AND CREDIBLE FORMULA WILL BE ESSENTIAL
TO KEEPING THE HAVE-NOT CONSUMERS ON BOARD ANY
CONSUMER COOPERATIVE SCHEME. I RESPONDED ALONG
FAMILIAR LINES CONCERNING THE INTERRELATIONSHIPS
BETWEEN SHARING, CONSERVATION AND DEMAND RESTRAINT
AND POSSIBLY OTHER ELEMENTS IN THE PACKAGE AND SAID
WE WOULD HAVE SOME PRELIMINARY IDEAS ON THE INTER-
RELATIONSHIPS TO PUT FORWARD TO THE POLICY LEVEL
OFFICIALS ATTENDING ECG. THE ECG MIGHT WISH TO GIVE
SOME FURTHER GUIDANCE TO THE WORK OF THE TECHNICAL
GROUPS. I THINK WE WILL NEED TO MAKE A GOOD
PRESENTATION ON THIS SUBJECT. I WILL TRY TO HAVE
OCKRENT IN HIS ANNOTATED AGENDA GET PEOPLE TO FOCUS
ON THIS SUBJECT BUT UNLESS WE CIRCULATE A PAPER IN
ADVANCE I THINK IT IS LIKELY WE WILL MERELY MAKE OUR
PRESENTATION AND NOT HAVE TOO MUCH RESPONSE AT THIS
SESSION (WHICH MAY NOT BE A BAD IDEA AT THIS
STAGE). IN ANY EVENT IN OCKRENT'S AGENDA I WILL INFORM
OTHERS THAT THE US WILL MAKE THE
INTRODUCTORY PRESENTATION ON THE INTERRELATIONSHIPS.
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5. RE ITEM 4. BRITS CLEARLY SEE THE PRODUCER/CONSUMER MEETING AS MAIN ITEM FOR APRIL 3/4 MEETING AND THEY SEE THIS TOPIC LARGELY IN PROCEDURAL TERMS. I PROBED FOR THE RESULTS OF ANY DISCUSSIONS THEY MAY HAVE HAD WITH PRODUCERS. THEY REPORTED THAT THE ONLY CONTACT WAS IN IRAN ON THE OCCASION OF PRESENTATION OF CREDENTIALS. THE IRANIANS ARE STILL FOR AN EARLY MEETING WITH OECD. BRITISH POSTS IN ARAB COUNTRIES REPORTED AS A RESULT OF THE CIRCULAR (BUT NOT ON THE BASIS OF APPROACHES TO GOVERNMENTS) THAT THE ARABS PROBABLY WANT TO POSTPONE CONTACTS UNTIL AFTER THE UNGA SS SINCE THEY WANT TO KEEP THE OIL ISSUE OUT OF THE UN. ON THIS ITEM I BELIEVE WE WILL NEED TO DEVELOP POSITIONS ON THE OPTIONS POSED BY THE BRITS BUT WE WILL PROBABLY HAVE TO GO BEYOND THIS AND TRY TO STEER DISCUSSION INTO SUBSTANTIVE CHANNELS BY PRESENTING OUR CONCEPTION OF AN EVENTUAL MEETING WITH PRODUCERS ALONG LINES WE DISCUSSED.

6. RE ITEM 4, UNGA SS, I FOUND BRITS EXTREMELY CONCERNED BUT WITH NO CLEAR IDEA AS TO WHAT MAY HAPPEN. CONFUSED DISCUSSION BOILED DOWN TO SAYING WORST CASE OUTCOME WOULD BE ADOPTION OF PREJUDICIAL PRINCIPLES AND SETTING UP ONGOING MECHANISM WHICH MIGHT PREEMPT DIRECT ECG CONTACTS WITH PRODUCERS WHILE PRODUCERS WILL BUY OF LDCS AND INSULATE THEMSELVES FROM CRITICISM. BRITS ARE VERY ANXIOUS TO COORDINATE STRATEGY AND TACTICS FOR UNGA SS. IN CONTEXT OF PRODUCER RELATIONSHIPS THEY FEEL THAT UNGA SS IS "IN-ESCAPABLE FORUM" FOR SUCH CONTACTS AND IT IS ESSENTIAL FOR ECG MEMBERS TO HAVE COMMON POSITION (THEY OF COURSE WOULD GO BEYOND THIS AND ACTUALLY HAVE AN ORGANIZED CONTACT). I MADE POINT THAT ECG APRIL 3/4 MEETING SHOULD PROVIDE OPPORTUNITY FOR BROAD EXCHANGE OF VIEWS ON A COMMON LINE AT LEAST ON ENERGY ASPECTS BUT TACTICS WILL HAVE TO BE HANDLED IN NEW YORK. EDGERTON OF FCO POINTED OUT ECG MEETING MID APRIL MIGHT BE USEFUL TO TAKE STOCK OF DEVELOPMENTS AT UNGA SS AND AGREE ON NEW TACTICS IF REQUIRED. HE PERSONALLY PLANS TO GO TO NEW YORK FOR WRAP UP WEEK WHEN MAIN INSTITUTIONAL QUESTIONS

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ARE DECIDED.

7. ON ITEM 4 I BELIEVE WE WILL NEED TO MAKE PRESENTATION, TABLING OUR STATISTICAL AS WELL AS OTHER ARGUMENTS. OCKRENT IS CONCERNED THAT NO OTHER GOVERNMENT WILL BE PREPARED TO DO THIS.

8. INCIDENTALLY WILLIAMS, IN AN ASIDE, QUITE SUDDENLY SAID HE HOPED I WOULD PASS ON TO YOU HIS VIEW THAT THERE WAS NO LONGER ANY NEED FOR US TO MAINTAIN A LOW PROFILE AT ECG. HE SAID VIGOROUS US

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LEADERSHIP AT NEXT MEETING WAS ESSENTIAL TO HAVING A USEFUL SUBSTANTIVE DISCUSSION. HE APOLOGIZED THAT RAMPTON WILL AGAIN NOT BE ABLE TO MAKE IT THIS TIME EITHER BECAUSE OF HIS HEALTH AND PRESS OF WORK WITH THE CHANGED GOVERNMENT.

9. BRITS ARE OBVIOUSLY QUITE UNHAPPY ABOUT THE FRENCH ENERGY PROPOSAL WHICH THEY SEE AS A POSSIBLE SPOILING ACTION THEY FULLY INTEND TO RESIST. THEY THINK IT IS ESSENTIAL TO DEMONSTRATE TO FRANCE THE PROGRESS OF ECG, ANOTHER REASON THEY ALLEGE FOR WANTING AN EARLY PRODUCER CONTACT.

10. TODAY I HAVE HAD FIRST DISCUSSION WITH OCKRENT AND WILL RESUME THIS EVENING. I AM MEETING WITH BRITISH, GERMAN, AND BELGIAN REPS TOMORROW TO PUT OUT ANNOTATED AGENDA. I DO NOT ANTICIPATE ANY

MAJOR PROBLEM ON GETTING AGENDA APPROVED. OCKRENT IS CONCERNED ABOUT INSURING USEFUL SUBSTANTIVE DISCUSSION AND MOST OF THE EFFORT TODAY AND TOMORROW WILL PROBABLY BE ON HOW TO PREPARE GOVERNMENTS ON THE VARIOUS ITEMS. OCKRENT HAS TOLD ME GOJ HAS TURNED DOWN IDEA OF TOKYO MEETING IN APRIL BUT IS AMENABLE TO HOSTING A MAY MEETING. OCKRENT IS ALREADY TALKING TO SOME DELEGATIONS ABOUT HOLDING NEXT MEETING IN BRUSSELS APRIL 25-26 (RIGHT AFTER XCSS). RE XCSS MEETING HE POINTS OUT THAT DOCUMENTATION ON COMMODITY PROBLEMS AND ECONOMIC AND MONETARY ASPECTS OF OIL PROBLEM IS VERY TIMELY
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AND QUITE GOOD. HE ALSO DRAWS ATTENTION TO RECENT FRENCH PROPOSAL ON COMMODITY PROBLEM DOCUMENT CE(74)8 WHICH IS FOLLOW-UP TO GISCARD'S STATEMENT ON THIS MATTER AT DAC IN OCTOBER. THE MISSION HAS AIRMAILED A COPY TO EUR/RPE.
BROWN

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